

## Message Text

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ORIGIN SNM-02

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APPROVED BY S/NM:SBVANCE

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AID/LA/BC:MR. EYRE (DRAFT)

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ARA: MR. LUERS

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LA/DP:AHEYMAN

AA/LA:DMLION, ACTING

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FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ IMMEDIATE

C O N F I D E N T I A L STATE 207837

FOR AMBASSADOR FROM VANCE AND LUERS

E.O. 11652: GDS

TAGS: SNAR, BL

SUBJECT: NARCOTICS CONTROL: PRESIDENTIAL AUTHORIZATION OF FORWARD COMMITMENT OF FUNDS

REF: STATE 165221

1. AUTHORIZATION OF THE FORWARD COMMITMENT OF FUNDS FOR  
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A CROP SUBSTITUTION AND ENFORCEMENT EFFORT IN BOLIVIA  
WAS APPROVED BY THE PRESIDENT ON AUGUST 13, 1976. THE  
EMBASSY MAY NOW DELIVER THE FOLLOWING AIDE-MEMOIRE.  
QUOTE:

DURING THEIR CONVERSATIONS ON JUNE 6, 1976, PRESIDENT BANZER INFORMED SECRETARY OF STATE KISSINGER OF THE INTENTION OF THE GOVERNMENT OF BOLIVIA TO LAUNCH AN ALL-OUT EFFORT TO STOP TRAFFICKING OF DRUGS WITHIN AND FROM BOLIVIA AND TO RATIONALIZE THE PRODUCTION OF COCA TO REDUCE IT TO THE LEVELS REQUIRED FOR LEGITIMATE USES. THESE AMBITIOUS AND ENCOURAGING PLANS OF THE GOVERNMENT OF BOLIVIA WERE BROUGHT TO THE ATTENTION OF PRESIDENT FORD WHO WELCOMES AND WISHES TO ENCOURAGE THE BOLIVIAN INITIATIVE TO COMBAT THE INTERNATIONAL DRUG TRAFFIC. IT IS ONLY THROUGH SUCH A COMPREHENSIVE UNDERTAKING AND CLOSE INTERNATIONAL COOPERATION THAT WE CAN HOPE TO HAVE A REAL

IMPACT ON THIS PROBLEM AFFECTING THE US AND BOLIVIA. THE US GOVERNMENT STANDS READY TO JOIN IN AND SUPPORT THIS BOLIVIAN EFFORT.

FOR ITS PART, THE US GOVERNMENT WILL:

-- PROVIDE THE TECHNICAL EXPERTISE, THE COOPERATION OF THE DRUG ENFORCEMENT ADMINISTRATION (DEA) AND FINANCIAL AID FROM THE DEPARTMENT OF STATE TO THE BOLIVIAN AGENCIES CHARGED WITH DRUG ENFORCEMENT AND CONTROL TO ENABLE THEM TO MOUNT A PROGRAM DESIGNED EFFECTIVELY TO ATTACK KNOWN TRAFFICKING POINTS AND PROVIDE THE LONG-TERM CAPABILITY TO CONTROL TRAFFICKING; AND CONCURRENTLY

-- IMMEDIATELY EXPAND AND ACCELERATE THE RESEARCH PROGRAM AND PILOT PROGRAM NOW UNDERWAY IN THE YUNGAS AND CHAPARE AREAS.

IF THESE PROJECTS INDICATE THAT IT IS ECONOMICALLY, SOCIALLY AND AGRICULTURALLY FEASIBLE, THE AGENCY FOR INTERNATIONAL DEVELOPMENT (AID) WILL MAKE AVAILABLE SUBSTANTIAL LOAN FUNDS OVER A FIVE-YEAR PERIOD TO FINANCE UP TO 75 PERCENT OF THE COSTS OF DEVELOPMENT PROJECTS  
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TO ASSIST THE RURAL POOR NOW GROWING COCA IN THE YUNGAS AND CHAPARE REGIONS. THIS FINANCING FOR SPECIFIC PROJECTS TO BE MUTUALLY AGREED UPON WOULD BEGIN AS SOON AS THERE IS SUFFICIENT INFORMATION FROM THE PILOT PROGRAM TO DETERMINE THE TYPE OF ACTIVITY WHICH SHOULD BE UNDERTAKEN AND THE COSTS INVOLVED.

THE GOVERNMENT OF BOLIVIA, FOR ITS PART, IN RESPONSE TO THIS US GOVERNMENT ASSISTANCE, WILL:

-- IMMEDIATELY INTENSIFY EFFORTS TO APPREHEND AND CONVICT COCAINE TRAFFICKERS, PREVENT NEW PLANTINGS OF COCA THROUGHOUT BOLIVIA AND PLACE STRICT CONTROLS ON THE

TRANSPORT AND MARKETING OF COCA LEAF.

-- PROVIDE THE NECESSARY REGULATIONS, MANPOWER AND FINANCIAL RESOURCES TO REDUCE COCA PRODUCTION TO LEGAL USAGE LEVELS THROUGH THE DEVELOPMENT OF ALTERNATE INCOME SOURCES FOR COCA PRODUCERS, AND

-- CREATE AN EFFECTIVE NATIONWIDE NETWORK OF NARCOTIC ENFORCEMENT INSTITUTIONS.

IF THESE PARALLEL COURSES OF ACTION ARE SATISFACTORY TO YOUR GOVERNMENT WE ARE PREPARED IMMEDIATELY TO BEGIN MUTUAL PLANNING FOR THE PROGRAM, AND THEN PROMPTLY INITIATE ITS IMPLEMENTATION. UNQTE.

2. WE FEEL THAT THE ABOVE REPRESENTS A SIGNIFICANT NEW INITIATIVE, OUR FIRST EFFORT IN THE HEMISPHERE AT A COMPREHENSIVE DRUG CONTROL PROGRAM -- PRODUCTION REDUCTION, CONTROL AND ENFORCEMENT. YOU ARE TO BE COMMENDED FOR YOUR FORESIGHT AND PERSEVERANCE IN MOVING THE GOB TOWARD THE DECISIVE DISCUSSION BETWEEN THE SECRETARY AND PRESIDENT BANZER ON CROP SUBSTITUTION AT SANTA CRUZ.

3. HOWEVER THE IMMEDIATE USG INTEREST IS PROMPT AND EFFECTIVE GOB ACTION TO STEM THE FLOW OF COCAINE TO THE US AND IT IS BECAUSE OF THE PRIMACY OF THIS INTEREST THAT WE ARE OBLIGED TO TIE OUR INPUTS CLOSELY TO PROGRESS IN THE ENFORCEMENT AREA.

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4. FOLLOWING RECEIPT OF A FAVORABLE RESPONSE FROM THE GOB TO THE CONDITIONS SET FORTH IN THE AIDE-MEMOIRE, A TEAM WILL IMMEDIATELY PROCEED TO BOLIVIA TO WORK WITH MISSION AND BOLIVIAN OFFICIALS ON DETAILS OF THE PROGRAMS WE WILL SUPPORT UNDER THE NEW FORWARD COMMITMENT. WE MUST SEEK THE MOST APPROPRIATE AND EFFECTIVE WAYS TO EXPEDITE PILOT CROP STUDIES, BUILD UP GOB ENFORCEMENT CAPABILITIES AND ESTABLISH THE OUTLINE OF A VIABLE CROP SUBSTITUTION PROGRAM. TO FACILITATE THIS EFFORT WE HAVE AGREED UPON THE FOLLOWING PRECEPTS TO GUIDE THE TEAM AND THE MISSION IN THIS COMPLEX EFFORT TO EFFECT A JOINT PLAN. WE ARE CONFIDENT THAT YOU WILL UNDERSTAND THAT THESE GUIDELINES ARE DICTATED BY THE DELICACY AND COMPLEXITY OF THIS VERY IMPORTANT AND NOVEL EFFORT IN NARCOTICS CONTROL.

-- THE US CANNOT BE COMMITTED TO PROVIDING ANY PREDETERMINED TOTAL OR KINDS OF AID. ASSISTANCE WILL BE PHASED AND EACH US INPUT WILL BE DEPENDENT ON EFFECTIVE PROGRESS IN THE PREVIOUS PHASE. TEAM-MISSION RECOMMENDATIONS WILL, OF COURSE, BE SUBJECT TO REVIEW BY THE REGIONAL CCINC INTERAGENCY GROUP AND APPROVAL BY THE SENIOR ADVISER,

S/NM AND, TO THE EXTENT AID FUNDS ARE INVOLVED, BY THE ARA/LA AND, AS NECESSARY THE AID ADMINISTRATOR. THE FORWARD FUNDING AUTHORITY GIVES AID THE AUTHORITY TO AUTH-ORIZE UP TO \$45 MILLION IN LOANS OVER 5 YEARS FOR INCOME SUBSTITUTION AND THE DEPARTMENT OF STATE TO MAKE INC GRANTS UP TO \$8 MILLION FOR ENFORCEMENT AND CONTROL OVER FIVE YEARS. INC FUNDS WILL ALSO BE AVAILABLE FOR EXPANSION OF THE PILOT PROJECT. THESE AMOUNTS SHOULD NOT BE GIVEN THE GOB UNLESS YOU DEEM IT ABSOLUTELY NECESSARY TO ELICIT BANZER'S COMMITMENT TO A STRONG ENFORCEMENT/CONTROL PROGRAM AND THEN ONLY IN THE CONTEXT OF THE MUTUAL OBLIGATIONS SET FORTH IN THE AIDE-MEMOIRE.

-- US SUPPORT FOR BOLIVIAN EFFORTS TO REDUCE COCA PRODUCTION IS JUSTIFIED IN THE CONTEXT OF GAINING GOB SUPPORT FOR ENFORCEMENT AND AS ESSENTIAL TO STOPPING THE GROWTH OF COCA DESTINED FOR THE MANUFACTURE OF COCAINE. THUS, ECONOMIC DEVELOPMENT ACTIVITIES IN THE CONFIDENTIAL

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COCA PRODUCING AREAS MUST BE JUSTIFIED ON DEVELOPMENTAL GROUNDS. AT THE SAME TIME, SUCH ACTIVITIES WILL NOT BE FINANCED BY THE USG WITHOUT CLEAR PROGRESS BY THE GOB TOWARD EFFECTIVE CONTROL OF COCA PRODUCTION AND ADEQUATE ENFORC-MENT AND PROSECUTION MEASURES AGAINST MAJOR MANUFACTURERS AND TRAFFICKERS. THESE TWO ASPECTS OF CONTROL ARE INTERRELATED; UNSATISFACTORY PROGRESS IN EITHER ONE WOULD UNAVOIDABLY PUT THE SERIOUSNESS OF THE GOB'S COMMITMENT IN DOUBT.

-- USG SUPPORT FOR IMPROVED ENFORCEMENT SEEKS TO OBTAIN THE COMMITMENT AND SUPPORT OF LAW ENFORCEMENT OFFICIALS AND PERSONNEL TO STRENGTHEN THEIR CAPABILITY TO DETECT AND ELIMINATE MAJOR MANUFACTURERS AND TRAFFICKERS. MORE PRECISELY, WE ARE NOT INTERESTED IN ESTABLISHING A MASSIVE NATIONWIDE NARCOTICS AGENCY PER SE BUT RATHER TO BUILD ONE WHICH CAN DESTROY, SUPPRESS AND DETER MAJOR TRAFFICKING. THIS IMPLIES A SMALLER RATHER THAN LARGER STAFFMOBILITY, RELIABLE        COMMUNICATIONS AND, ABOVE ALL, AN EXTENSIVE AND CAREFULLY DEVELOPED AND TARGETTED INTELLIGENCE NETWORK. THE SIZE, COMPOSITION AND EQUIPMENT OF THE NARCOTICS ENFORCEMENT APPARATUS IS A FUNCTION OF ITS MISSION AND WHAT IT WILL TAKE TO AC-COMPLISH IT. CONSEQUENTLY, THERE ARE SOUND PLANNING REASONS FOR CONCENTRATING INITIAL INPUTS ON A SPECIFIC TARGET AREA AND GROUPS -- TO GAIN EXPERIENCE AS WELL AS TO TEST THE METTLE OF THE POLITICAL LEADERSHIP TO PROCEED AGAINST THE MORE INFLUENTIAL AND IMPORTANT TRAFFICKERS. THEREFORE, WE SHOULD GIVE EMPHASIS IN THE OVERALL ENFORCEMENT PLAN TO THE INPUTS REQUIRED FOR THE DNSP TO MOUNT A MAJOR OPERATION IN THE SANTA CRUZ AREA. IT SHOULD BE MADE CLEAR THAT THE US WISHES TO SEE THE

GOB MOVING SUCCESSFULLY ON THE SANTA CRUZ TRAFFICKERS BEFORE WE MAKE ANY MAJOR DELIVERIES OF EQUIPMENT FOR THE OVERALL ENFORCEMENT EFFORT OR AUTHORIZE LOAN FINANCING TO IMPLEMENT THE ACCELERATED CROP SUBSTITUTION PROGRAM.

-- THE US VIEWS EARLY GOB ACTION TO PLACE COCA PRODUCTION UNDER AN EFFECTIVE CONTROL AND LICENSING SYSTEM TO BE PREREQUISITE TO AUTHORIZATION OF ANY AID LOAN FOR THE CROP SUBSTITUTION PROGRAM. IN THIS INITIAL PHASE, NEW  
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PLANTING WOULD BE PROHIBITED AND PLANTINGS IN NEW AREAS BE PHASED OUT IN A SHORT TIME FRAME. (LICENSES WOULD NOT BE WITHHELD FROM TRADITIONAL GROWERS UNTIL APPROPRIATE MEASURES ARE IN PLACE FOR CROP SUBSTITUTION.)

PROMULGATION OF A PLAN, DEVELOPMENT OF IMPLEMENTING INSTRUMENTALITIES AND AN ORGANIZATION TO ENFORCE PRODUCTION CONTROLS FOR REDUCING COCA PRODUCTION TO LEGITIMATE USAGE LEVELS IS TO BE THE SINE QUA NON OF MAJOR AID FINANCING.

-- BOLIVIA DOES NOT HAVE A MAJOR ADDICTION PROBLEM; THEREFORE, REQUIREMENTS FOR US ASSISTANCE IN PREVENTION AND TREATMENT SHOULD NOT BE MAJOR. DR. DUPONT, DIRECTOR OF NIDA, RECENTLY VISITED BOLIVIA AND RECOMMENDED THAT WE START BY INVITING DR. NOYA, BOLIVIAN LEADER IN THIS FIELD, TO VISIT THE US FOR ORIENTATION AND TO PINPOINT AREAS OF FUTURE COOPERATION. THEREFORE, THE TEAM WILL LIMIT ITS INVOLVEMENT IN MATTERS OF PREVENTION AND TREATMENT TO COURTESY VISIT AND DISCUSSIONS AND FURTHERING THE INVITATION.

-- INC FUNDS HAVE CERTAIN LIMITATIONS IN THEIR USES. THEY MAY NOT BE UTILIZED TO PAY FOR INTELLIGENCE, OR REWARDS, TO PAY SALARIES OF HOST GOVERNMENT PERSONNEL, NOR FOR EXPENSES ASSOCIATED WITH THE DETENTION OR INCARCERATION OF NARCOTICS OFFENDERS. AS A MATTER OF PROGRAM POLICY, INC FUNDS SHOULD NOT BE PROGRAMMED FOR OTHER THAN ORDINARY HAND GUNS, WEAPONS SYSTEMS, OFFICE FURNITURE OR ELECTRONIC SURVEILLANCE EQUIPMENT.

5. FURTHER DETAILS ON THE TEAM COMPOSITION WILL BE SUPPLIED BY SEPARATE CABLE. PLEASE ADVISE YOUR ESTIMATE OF A DESIRABLE ETA. HABIB

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